



A.B.N. 71 002 802 646

23 January 2012

Dear Shareholder

### **SHARE PURCHASE PLAN (SPP)**

On behalf of the directors of Hydromet Corporation Limited (“**the Company**”) [ASX code: HMC], I am pleased to offer you the opportunity to participate in the Share Purchase Plan (“**the Plan**”), allowing you to purchase up to AUD\$15,000 of fully paid ordinary shares in the capital of the Company (“**Shares**”), with an issue price of \$0.038, without brokerage and transaction costs.

#### **Summary of the Plan**

The Plan offers shareholders who are recorded in the Company's register of members as at 7:00 pm Sydney time on Friday, 20 January 2012 (“**the Record Date**”) and have a registered address in Australia and New Zealand, to subscribe for either AUD\$2,500, AUD\$5,000, AUD\$10,000 or AUD\$15,000 of Shares at an issue price of 3.8 cents per Share. The issue price represents an approximately 15.7% discount to the volume weighted average price of the Company's Shares traded during the five trading days immediately prior to the announcement of the SPP on 23 January 2012.

Shareholders not registered as at the Record Date will not receive an offer under the Plan. The rights of shareholders eligible to participate under the plan are non-renounceable, which means you cannot transfer your rights to another person.

The maximum number of Shares to be issued under the Plan is 136,350,000 ordinary shares raising a maximum amount of \$5,181,300. The Shares to be issued will be fully paid ordinary shares with the same terms as those governing the current issued ordinary shares in the Company.

The Plan is not underwritten.

The Directors reserve the right to scale back any over-subscriptions on a pro rata basis.

The funds raised will be allocated to the Company's working capital.

#### **Key dates**

Record Date	Friday 20 January 2012 7:00 pm Sydney time
Application form despatch date	Monday 30 January 2012
Opening Date of the Plan	Tuesday 31 January 2012
Closing Date of the Plan	Friday 24 February 2012
Shares allotment date (intended)	Friday 2 March 2012
Holding statement despatch date	Monday 5 March 2012
Share trading date	Tuesday 6 March 2012

Hydromet reserves the right to alter the key dates indicated above without prior notice.

Lot 3, Five Islands Road, Unanderra NSW 2526 Australia  
PO Box 42, Unanderra NSW 2526 Australia  
Telephone: +61 2 4271 1822 Facsimile: +61 2 4271 6151  
Website: [www.hydromet.com.au](http://www.hydromet.com.au) email: [office@hydromet.com.au](mailto:office@hydromet.com.au)

**Terms of the Plan**

The terms and conditions of the Plan are outlined in the enclosed document titled "Terms and Conditions of Share Purchase Plan". By making an application to purchase Shares under the Plan, you will have agreed to be bound by those terms and conditions.

Participation in the SPP is entirely voluntary. Eligible shareholders should seek independent professional advice before applying for any Shares.


If you wish to apply for any Shares under the Plan, you should use the Application Form accompanying this letter or by making a BPAY payment using the personalised reference number shown on your Application Form.

For further information on this Share Purchase Plan, please contact the Company's share registry:

Boardroom Pty Limited  
Level 7, 207 Kent Street,  
Sydney, NSW 2000.  
Telephone: 1300 737 760

On behalf of the Board, I invite you to consider this opportunity to increase your investment in the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dr Lakshman Jayaweera', with a long horizontal flourish extending to the right.

Dr Lakshman Jayaweera  
Chairman and Managing Director

**Hydromet Corporation Limited**  
**ACN 002 802 646**

**TERMS AND CONDITIONS OF SHARE PURCHASE PLAN**

**1. DEFINITIONS**

1.1 In this Share Purchase Plan, unless the context otherwise indicates:

\$ is a reference to the official currency of the Commonwealth of Australia.

**Application Form** means the personalised application form accompanying this document.

**Application Monies** means the total amount payable by an Eligible Shareholder who subscribes for Shares under the Plan. Base on the number of Shares applied for, the amount could be \$2,500, \$5,000, \$10,000 or a maximum of \$15,000.

**ASX** means ASX Limited ACN 008 624 691.

**Board** means the board of directors of Hydromet Corporation Limited.

**Closing Date** means 24 February 2012.

**Eligible Shareholders** means those Shareholders who satisfy the conditions set out in clause 2.

**Hydromet** means Hydromet Corporation limited ACN 002 802 646.

**Listing Rules** means the official listing rules of the ASX.

**Market Price** has the same meaning as defined in the Listing Rules.

**Maximum Issuing Level** means the maximum number of Shares that may be issued under the SPP, being 136,350,000 fully paid ordinary shares, to be issued at the Subscription Price for a total amount of \$5,181,300.

**Offer** means a non-renounceable offer of \$2,500, \$5,000, \$10,000 or \$15,000 fully paid ordinary shares in Hydromet at the Subscription Price to Eligible Shareholders under the Plan to the Maximum Issuing Level.

**Opening Date** means 31 January 2012.

**Record Date** means 7:00 pm Sydney time on 20 January 2012.

**Shareholders** mean those persons or entities that hold ordinary shares in the issued capital of Hydromet.

**Shares** means up to maximum of 136,350,000 fully paid ordinary shares in Hydromet to be issued under the Plan

**SPP** means the Hydromet Corporation Limited Share Purchase Plan announced on 23 January 2012.

**Subscription Price** means the issuing price of each Share being 3.8 cents per share.

## **2. ELIGIBLE TO PARTICIPATE**

- 2.1 Shareholders are eligible to participate in the SPP if they are registered as a holder of ordinary shares in Hydromet on the Record Date and with a registered address in Australia or New Zealand.
- 2.2 Hydromet has determined that it is not practical, and may be unlawful, for holders of ordinary shares in Hydromet with registered addresses in other jurisdictions to participate in the SPP. Shareholders who are joint holders of Shares are taken to be a single registered holder of shares for the purpose of determining whether they are an Eligible Shareholder.
- 2.3 Eligible shareholders who fall within the definition of 'custodian' in ASIC Class Order 09/425 may pay up to a maximum amount of \$15,000 on the purchase of Shares for each beneficiary. In this instance, 'custodian' is required to provide, in conjunction with an application form, a certificate stating the information required under the ASIC Class Order 09/425. The Company shall not issue the shares to such custodian if the Company does not agree with or is not satisfied with the certification by the custodian.

## **3. TERMS OF THE OFFER**

- 3.1 The offer will open on 31 January 2012 ("**Opening Date**") and will close on 24 February 2012 ("**Closing Date**").
- 3.2 The Board reserves the right to alter the dates without prior notice.
- 3.3 Eligible Shareholders wish to apply Shares under the SPP may either:
  - a. apply for 65,789 shares for \$2,500; or
  - b. apply for 131,578 shares for \$5,000; or
  - c. apply for 263,157 shares for \$10,000; or
  - d. apply for 394,736 shares for \$15,000.
- 3.4 The Offer is non-renounceable which means the right to participate is not transferable.
- 3.5 Participation in the SPP by Eligible Shareholders is entirely voluntary and subject to these terms and conditions.
- 3.6 The maximum number of Shares that may be issued under the Plan:
  - (a) to any one Eligible Shareholder, is 394,736 Shares, and
  - (b) overall under the SPP, the Maximum Issuing Level.

## **4. APPLICATION FOR SHARES**

- 4.1 Eligible Shareholders who wish to apply for Shares under the SPP must either:
  - a. complete the enclosed Application Form and return it together with a cheque of the Application Monies to Boardroom Pty limited, GPO Box 3993, Sydney, NSW 2001. Cheques should be made payable to 'Hydromet Corporation Limited'; or
  - b. make a BPAY payment by using the personalised reference number shown on your Application Form which is required to identify your holding. If you make a payment using BPAY you do not need to return your Application Form. New Zealand holders will not be able to make payments using BPAY.

- 4.2 All payments and applications must be received by no later than 5:00 pm Sydney time on 24 February 2012 (being the Closing Date). Applications and payments received after that time will not be accepted. Applications and payments may not be withdrawn once received by Hydromet.
- 4.3 The Board reserves the right to reject any application for Shares (in whole or in part) including but without limitation if:
- a. an Application Form is not correctly completed; or
  - b. the applicant is not an Eligible Shareholder; or
  - c. the issue of those Shares would contravene any law or the Listing Rules; or
  - d. the exact payment for the Shares applied for is not received; or
  - e. to accept the application in full would have the effect of exceeding the Maximum Issuing Limit; or
  - f. if the application has not otherwise complied with the terms of the Plan.
- 4.4 In the event of an application being rejected, the Application Monies will be returned or refunded without interest as soon as practicable.

## **5. SCALE BACK**

- 5.1 The Board reserves the right to scale back entitlements in the event that the SPP is over-subscribed. If there is a scale back, applicants will not receive the full parcel of Shares that they applied for. If a scale back produces a fractional number when applied to a Shares parcel, the number of Shares allotted will be **rounded down** to the nearest whole number of Shares.
- 5.2 In the event of a scale back, **all** applicants will be scaled back on a pro rata basis in according to the number of shares that they applied for. Excess Application Monies will be refunded without interest as soon as practicable.

## **6. ISSUING OF SHARES**

- 6.1 Hydromet intends to allot the Shares issued under the Plan on 2 March 2012 (Allotment Date). Hydromet reserves the right to alter the Allotment Date without prior notice.
- 6.2 Hydromet will apply to ASX for quotation of the Shares issued under the Plan within the period prescribed in the Listing Rules.

## **7. SUBSCRIPTION PRICE**

- 7.1 The Subscription Price represents a discount of approximately 15.7% of the volume weighted average price of the Company's Shares traded during the 5 days prior to the announcement of the SPP on 23 January 2012.
- 7.2 There is a risk that the market price of the shares in Hydromet may change between the date of this Offer and the date when the Shares are issued and allotted under the SPP. This means the market price of the Shares applicants receive on the date they are allotted under the SPP may be more or less than the price paid for. Eligible shareholders should seek their own professional advice in relation to this Offer and participation in the SPP.
- 7.3 No brokerage, commission, stamp duty or other transaction costs will be payable by Eligible Shareholders in respect of an application for, and an issue of, Shares under the SPP.

**8. CLASS ORDER RELIEF**

8.1 The Offer is made in accordance with ASIC Class Order [CO 09/425]. The Class Order grants relief from the requirement to prepare a disclosure document for this Offer.

**9. GENERAL**

9.1 Hydromet reserves the right to change, suspend or terminate the Plan at any time up to the date of the Shares are allotted under the SPP. Any such changes, suspension or termination will be binding on all Eligible Shareholders even when Hydromet does not notify them of that event.

9.2 If the Plan is withdrawn, all Application Monies will be returned or refunded to applicants without interest as soon as practicable.

9.3 Hydromet may settle in any manner it deems appropriate, any disputes or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application of Shares. The decision of Hydromet will be conclusive and binding on all persons to whom the determination relates.

9.4 These terms and conditions are governed by the laws of New South Wales, Australia and are to be interpreted in accordance with their spirit, intention and purpose.

**Record Date:** 20 January 2012

**Close Date:** 24 February 2012

**Issue Price** \$0.038

## A Offer Choice

Indicate your choice below by marking one box only

**Offer A**  
65,789 shares  
A\$2,500.00

**Offer B**  
131,578 shares  
A\$5,000.00

**Offer C**  
263,157 shares  
A\$10,000.00

**Offer D**  
394,736 shares  
A\$15,000.00

## B Payment Details

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Hydromet Corporation Limited Share Registry.

Payments cannot be made at any bank.

### Payment Option 1 - BPAY



**Biller Code:** XXXXX

**Ref:** XXXXXXXX

#### Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: [www.bpay.com.au](http://www.bpay.com.au)

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- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for. For your application to be valid you can only make payment for one of the amounts specified above in section A.

### Payment Option 2 - Cheque

Record cheque details below

Drawer	Cheque Number	BSB Number	Account No.	Amount A\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to **Hydromet Corporation Limited and crossed Not Negotiable.**
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

## C Contact Details

Please provide a telephone number and contact name in case we need to contact you regarding your application.

Home telephone number	Work telephone number	Contact name

## **D Certificate**

By lodging this form with your cheque or paying via BPAY you certify that the total application price for:

- (a) the shares the subject of this Application; and
- (b) any shares in the class applied issued under a similar arrangement in the 12 months before this Application; and
- (c) any other shares which the holder has instructed a custodian to acquire on their behalf under the Share Purchase Plan; and
- (d) any other shares issued to a custodian under an arrangement similar to the Share Purchase Plan in the 12 months before this Application as a result of an instruction given by the holder to the custodian or another custodian and which resulted in the holder holding beneficial interest in the shares;

does not exceed AUD\$15,000.

## **E Declarations and Acknowledgments**

By lodging this form with your cheque you acknowledge and confirm that you have read, understood and agreed to the terms and conditions of the Hydromet Corporation Limited Share Purchase Plan (SPP). Hydromet Corporation Limited may settle in any manner it deems appropriate, any dispute or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application of shares. The decision of Hydromet Corporation Limited will be conclusive and binding on all persons to whom the determination relates. Hydromet Corporation Limited reserves the right to waive compliance with any provision of the SPP terms and conditions. The Directors reserve the right to withdraw the offer of shares under the SPP, or reduce the amount of shares that may be subscribed for under the SPP in any manner, at any time prior to allotment. Any excess application moneys will be refunded. No interest will be paid on any refunded application money.

**NO SIGNATURE IS REQUIRED ON THIS FORM**

**THIS OFFER IS NON-RENOUNCEABLE**

Application Forms and cheques must be received no later than 5.00 pm (Sydney time) on 24 February 2012 at:

**MAILING ADDRESS**  
Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

**DELIVERY ADDRESS**  
Boardroom Pty Limited  
Level 7  
207 Kent Street  
SYDNEY NSW 2000

You should allow sufficient time for this to occur. The postal acceptance rule does not apply to the SPP.